

**Congressional Testimony
To the
Government Reform Subcommittee
On
Energy Policy, Natural Resources and Regulatory Affairs
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Good afternoon.

My name is Timothy Parker. I am the executive secretary of the Steamship Association of Southern California, which represents 45 shipping lines and terminal operators at the Ports of Long Beach and Los Angeles.

In the way of background, the Steamship Association of Southern California and the Pacific Merchant Shipping Association, based in Northern California, have recently voted to merge to form one united organization representing shipping companies throughout California. Collectively, under the name of the Pacific Merchant Shipping Association, we believe that we will be even better able to meet the challenges we face in evolving environments at the local, state and federal levels.

One of those challenges is clearly one of security. We greatly appreciate the invitation to appear before the Government Reform Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs today to share with you some of our insights on how we can all work together to enhance port security in what sometimes seems to be a time of insecurity.

My brief presentation today is framed around four core themes:

1. What are the shipping companies currently doing to contribute to the overall safety of the ports?
2. How are the cities, counties and State of California assisting us?
3. What can the Federal government do to further enhance those efforts?
4. What are the economic ramifications of port protection?

What is the shipping industry now doing to secure our ports?

First, I would like to state that while shipping companies are ready, willing and able to support and assist the government to protect our ports, we cannot act as government functionaries. We cannot, for example, perform law enforcement activities, such as patrolling the waters around the ports; we can, on the other hand, control access to our terminals and other facilities. Current measures include:

- We have increased security at terminal gates and vessel gangways to both verify cargo and personnel movement. The additional costs are borne by the shipping companies and the terminal operators.
- We have made numerous upgrades to computer systems at every terminal to meet the new regulations of the U.S. Customs, specifically to adhere to the “24 Hour Rule.” This cost is now part of the overall transportation cost to the consumer.
- Working directly with U.S. Coast Guard in the Sea Marshal program, which provides for the escort of vessels to dock areas.

What are the Cities of Los Angeles and Long Beach, and the State of California doing to assist?

As representatives for the Ports of Los Angeles and Long Beach have indicated, they are collectively spending significant portions of their revenue for additional port police and security equipment, port infrastructure, including cargo inspections, identification and security system analyses.

At the same time, these are tough times for state and local agencies. There is a growing temptation for local government to cost-shift more obligations onto private shipping and stevedoring concerns for basic port operations. State and local government are also imposing more regulatory conditions on Port operations – some of which may actually divert resources from port security.

If this continues to occur, shipping traffic may very well move to other ports. Jobs and economic benefits of the Ports of Los Angeles and Long Beach will move elsewhere.

A proposed \$1 billion bond measure would secure \$200 million for port security, with a significant amount targeted for Southern California. There are, however, no immediate fixes.

Federal regulations

While the federal government has already taken a lead role in securing our harbors, there is more that it can do. I have to commend the leadership, of the U.S. Coast Guard for running what I think is the best command in the United States. The random boarding of vessels and unannounced inspections, among other measures, are critical steps. The U.S. Customs Service and the Immigration and Naturalization Service have also been very supportive of efforts to keep our facilities secure.

The focus and attention of each of these federal agencies is critical, since the shipping companies and terminal operators cannot perform their federal functions, whether it is patrolling the waters, inspecting cargo or checking the identification of seafarers.

Desired Federal Role

That said, there are two areas where the federal government can provide necessary leadership:

- First, it should fully fund the activities of government agencies to provide port security in a comprehensive and effective manner.
- Second, it should ensure – by federal preemption where necessary – that operating requirements and restrictions imposed by state and local government are consistent with the goals of overall port security. The U.S. Coast Guard, for example, should be given authority to ensure that state and local mandates are consistent with the enhanced port security.

There has been much discussion at both the federal and state levels – of applying some of the cost of added security to the cost of cargo or transportation. As an industry, we believe that fees placed upon cargo or goods movement would have disastrous effect on both the regional economy and broader economic objectives of the United States.

I thank you for your time and would now be happy to answer any questions.